TRIBAL

Tribal Group Half Year Results 2021

Mark Pickett, CEO
Diane McIntyre, CFO

August 2021
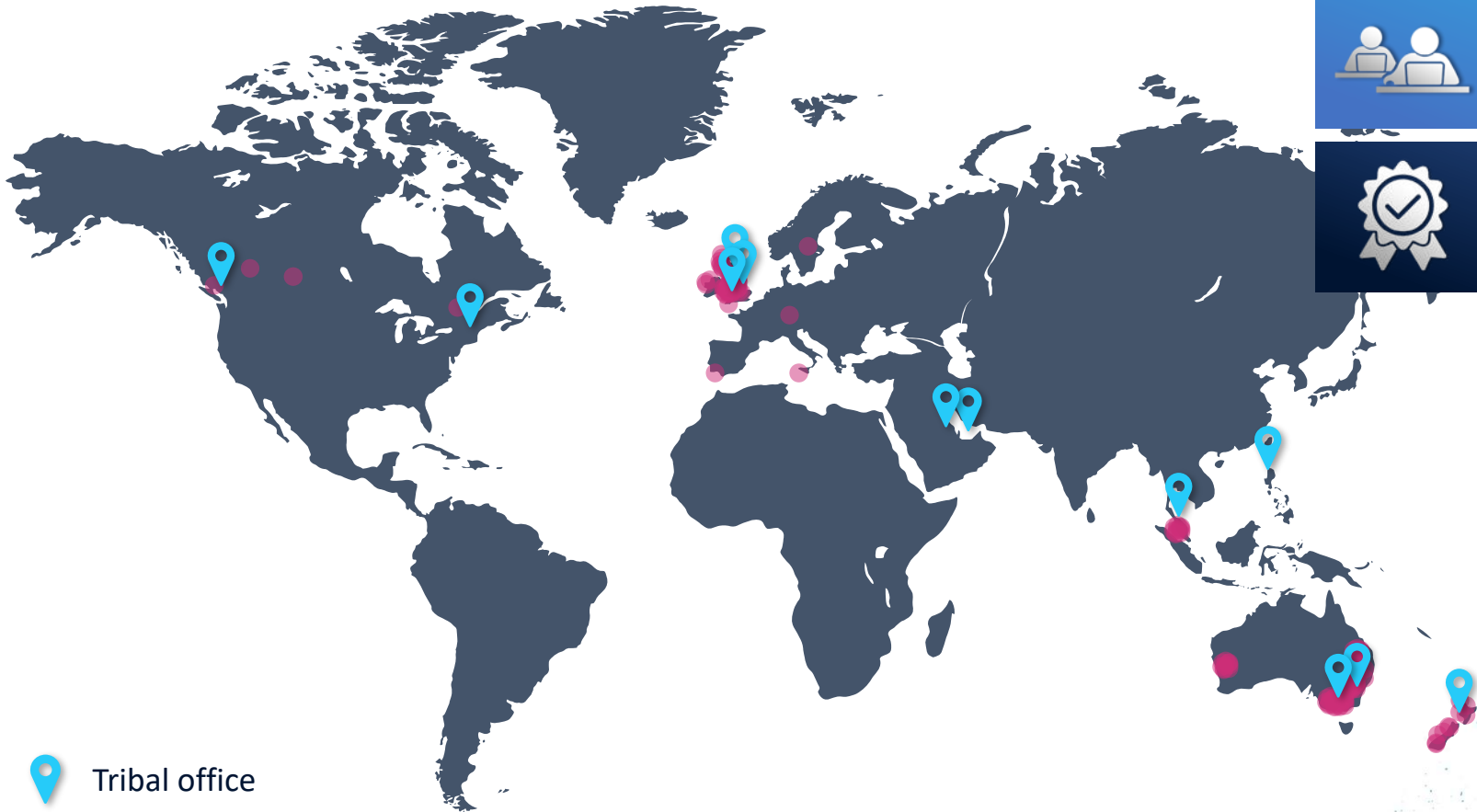
Overview and H1 Highlights

Mark Pickett, CEO

Tribal Overview

Market-leading provider of Student Information Solutions to both Higher & Further Education in UK, Australia, New Zealand, Singapore and Malaysia.

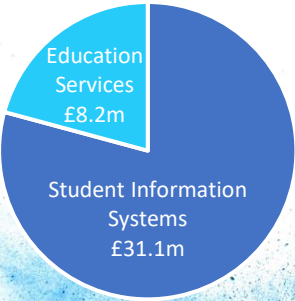Over **500** institutions empowered by Tribal's Student Information Solutions

Global provider of Quality Assurance and Benchmarking services for Education

>65%	market share UK Universities
>30%	market share Australia & NZ HE
>35%	market share UK Further Education

Tribal office

Tribal SIS customer

Education Services £8.2m

Student Information Systems £31.1m

ARR £49.6m up 5%

Our vision:

To empower the world of education.

We strive to research, develop and deliver the products, services and cloud solutions needed by educational institutions across the world to support their primary goals of educating students, providing optimum learning experiences and ultimately delivering successful outcomes.

Our goal:

To be a pure-play Education Technology (EdTech) SaaS business, expanding to a global reach

Tribal portfolio of Student Management Systems

SITS:Vision	ebs	Maytas	Callista	SchoolEdge
For Higher Education	For Further and Vocational Education	For Apprenticeships and Traineeships	For Higher Education (Australia)	For Schools (Australia)

Tribal Cloud Services

Tribal Edge Product Portfolio

Student Recruitment and Marketing	Student Support and Welfare	Admissions	Submissions	Engage (mobile)	Scheduling and Timetabling (*Semestry*)	*Others in development …*

Tribal Edge Platform
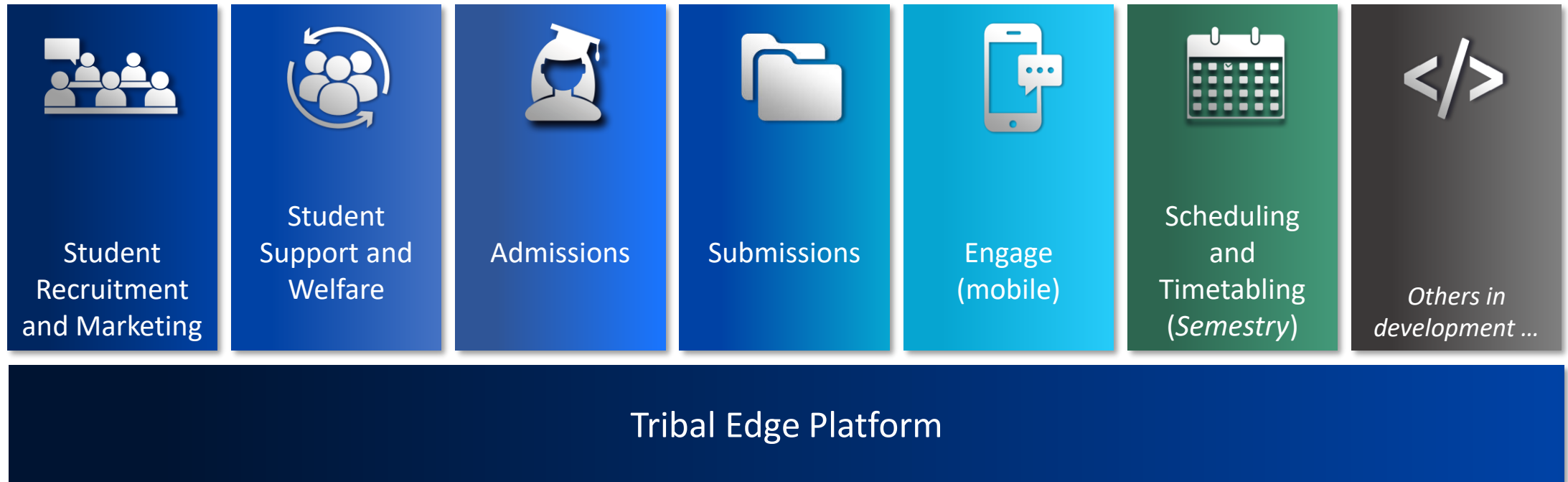
Cloud-native SaaS modules

delivering exceptional student experience; enhanced performance;
and critical insights for education institutions worldwide

Delivering against our 2021 Objectives

Build customer position

Increasing number of Higher Education customers and share of wallet
- Key new wins
- Major cloud migrations

Increase ARR and improve EBITDA margins

Won new customers and increased share of wallet in existing customers
- ARR increased 5% to £49.6m since Dec 2020
- EBITDA margin increased to 23% (H1 2020: 22%)

Develop Tribal Edge products

Develop Tribal Edge Products
- First module: Submissions, released and sold
- Second module: Admissions sold to first two early adopters
- Acquisition of Semestry in April adding scheduling and timetabling

Strategy in action: High level of new wins

Student Information Systems

Tribal Edge

SITS:Vision (in the cloud)

Tribal Cloud (SITS cloud migrations)

Other Tribal SIS (ebs & Maytas)

Education Services

ARR growth and addressable markets

	Existing Products & Services		New Products & Services	
New Customers	Proactive selling into target geographies	→ Tribal Edge modules	Geographical expansion	→ New Tribal Edge modules as they become available
	Reactive selling to institutions with end-of-life SMS	→ Current Tribal SMS	Selling into new geographies	→ New Tribal Edge modules
Existing Customers	Migrating current SMS customers	→ Tribal Cloud services	Upsell of new modules	→ New Tribal Edge modules as they become available
	Upsell to all SMS customers	→ Tribal Edge modules		

Existing Products & Services

New Products & Services

TRIBAL

Environmental Social Governance (ESG)

The ESG Committee was established in 2021 and is chaired by Nigel Halkes
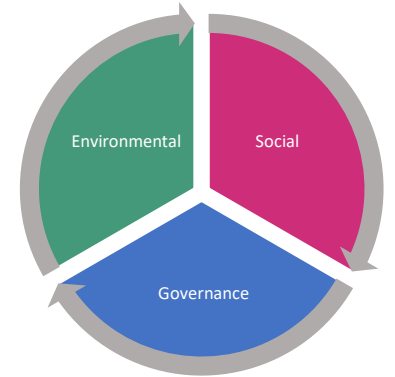
Agreed a Terms of Reference to ensure Board advocacy, structure and focus of responsible business practices prospered.

Continue commitment to deliver work remotely following new ways of working introduced as a result of the pandemic, such as significantly reduced travel.

Became an Official Communications Champion for Student Space, a service set up by Student Minds to help students find the support they need during the pandemic.

We are becoming active members of the tech community addressing the challenges and opportunities as we strive to become more diverse. We have developed a Recruitment Charter which puts empowering inclusive practice as one of two core aims and are a signatory of the Tech Talent Charter.

Financial Performance

Diane McIntyre, CFO

Summary
6 months ended 30 June 2021

Revenue

£39.3m

2021	£39.3m
2020	£39.0m

Up 1%

Adjusted EBITDA margin

£9.2m

2021	£9.2m
2020	£8.6m

Increased margin to 23%

EBITDA / Margin %

19% 21% 22% 23%

£7.9 m   £8.3 m   £8.6 m *   £9.2 m

2018 H1   2019 H1   2020 H1   2021 H1
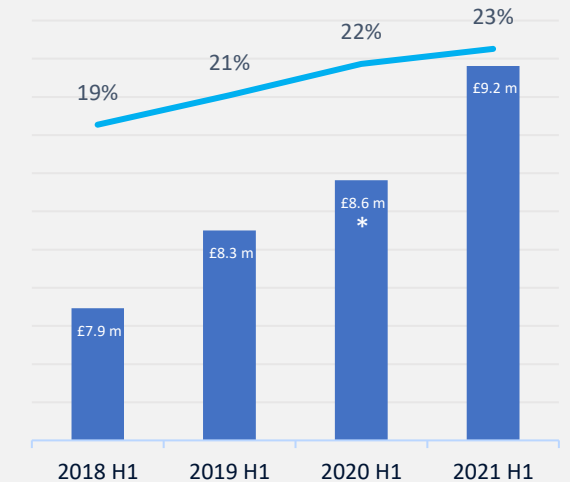
* 2020 restated based on constant currency. 2018 & 2019 as reported.

- Revenue remained stable despite the reduction in Education Services revenue due to Covid-19
- Adjusted EBITDA increased 1ppt to 23%
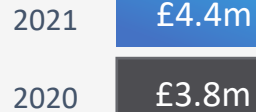- 5th consecutive year of Margin % improvement

Note: Numbers shown on a constant currency basis

Additional Performance Indicators
6 months ended 30 June 2021

Statutory Profit After Tax

£4.4m

2021	£4.4m
2020	£3.8m

Up 17%

Annual Recurring Revenue (ARR)

£49.6m

2021	£49.6m
2020	£47.2m
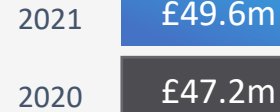
Up 5%

Committed Income (Backlog)

£144.3m

2021	£144.3m
2020	£142.6m

Up 1%

Net Cash

£4.3m
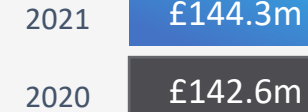
2021	£4.3m
2020	£6.7m
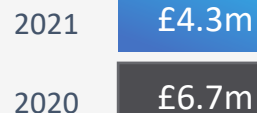
Reduction due to £5.5m investment in Semestry and Crimson acquisition

Adjusted Free Cash Flow

£4.2m

2021	£4.2m
2020	£4.3m
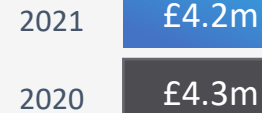
Strong cashflow

Earnings per share (diluted)

2.1p per share

2020	2.1p
2020	1.9p

Up 11%

Annual Recurring Revenue (ARR)

Growing Annual Recurring Revenues

CAGR 15%
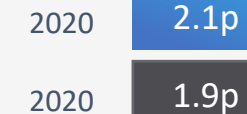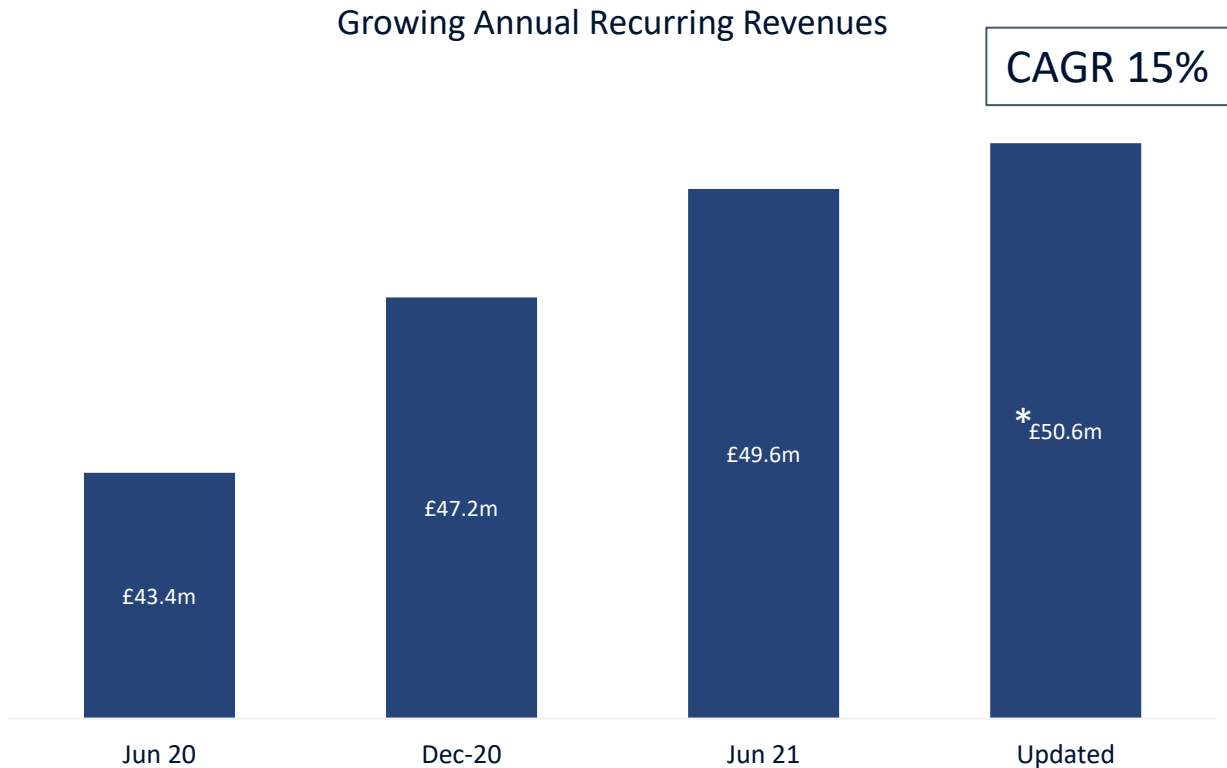
- **5% increase in ARR to £49.6m, over 6 months**
  - Existing software growth, such as new SITS sales with Solent, and price rises in line with inflation
  - Edge new module sales (Admissions, Student Wellbeing & Support, Marketing & Recruitment) and Semestry acquisition
- **New wins post 30 June adding £1m to ARR***
  - Cumulative annual growth rate of 15% from Jun 20
  - University of West London, University of Warwick and Leiden University

Segment Results

	Revenue		Profit		Margin %	
	2021	**vs. 2020** Constant Currency	**2021**	**vs. 2020** Constant Currency	**2021**	**vs. 2020** Constant Currency
SIS	**£31.1m**	4%	**£12.0m**	(1)%	**38%**	⬇ 2ppt
ES	**£8.2m**	(11)%	**£2.2m**	23%	**27%**	⬆ 7ppt
Total	**£39.3m**	1%	**£14.2m**	2%	**36%**	⬌ -

- SIS Margin remained stable, % down due to prior year one off savings
- ES Margin increased despite significant reduction in revenue

Note: Segment profit margin is before central overheads

Segment Revenue & Profit Margin %
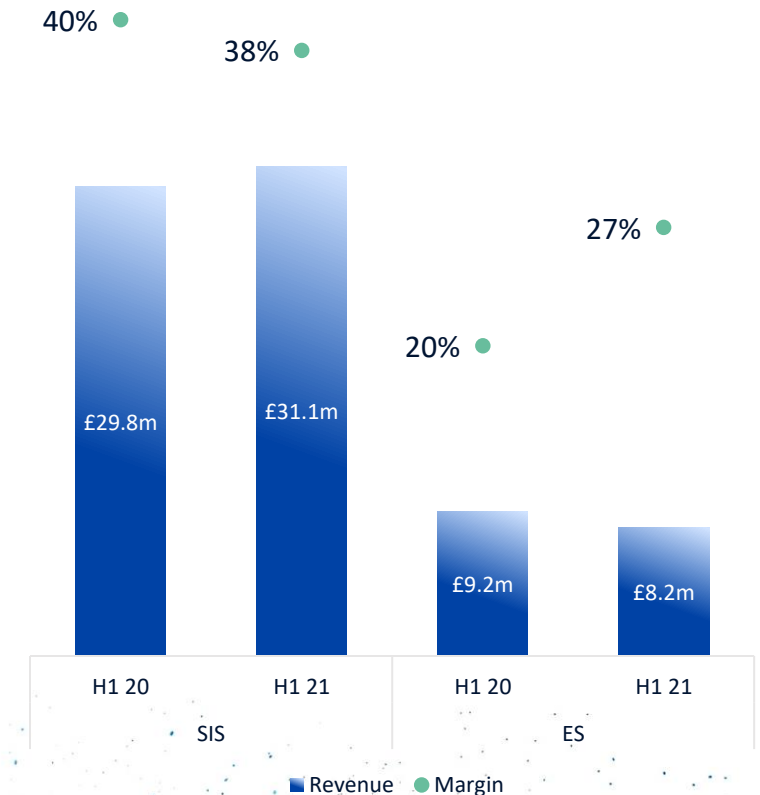
Student Information Systems

Student Information Systems (£m)	2021 HY	2020 HY	2020 Constant Currency	Growth % Constant Currency
License & Development Fees	4.1	3.3	3.3	23%
Support & Maintenance Fees	16.8	16.2	16.8	-
Implementation Services	6.4	6.4	6.6	(3)%
Cloud Services	3.8	3.0	3.1	24%
Revenue	**31.1**	**29.0**	**29.8**	**4%**
Adjusted Operating Profit	**12.0**	**11.3**	**12.1**	**(1)%**
Margin	38%	39%	40%	(2)ppt

Licence increase of £0.8m as a result of new wins in H1, specifically Submissions, Marketing and Recruitment, and Student Support and Wellbeing

Support & Maintenance revenue remained flat. This reflects new licenses together with the contractual annual inflationary uplift offset by a reduction in our Long-Term contracts.

Implementation decrease £0.2m as a result of slight contract delays

Cloud increase £0.7m as a result of increase in customers moving to the public cloud

Operating margin is diluted despite increased revenue due to normalised staff costs in H1 21. In the prior period all staff were working a 4 day week in May & June as cost mitigation measures introduced at the start of Covid-19

Cashflow
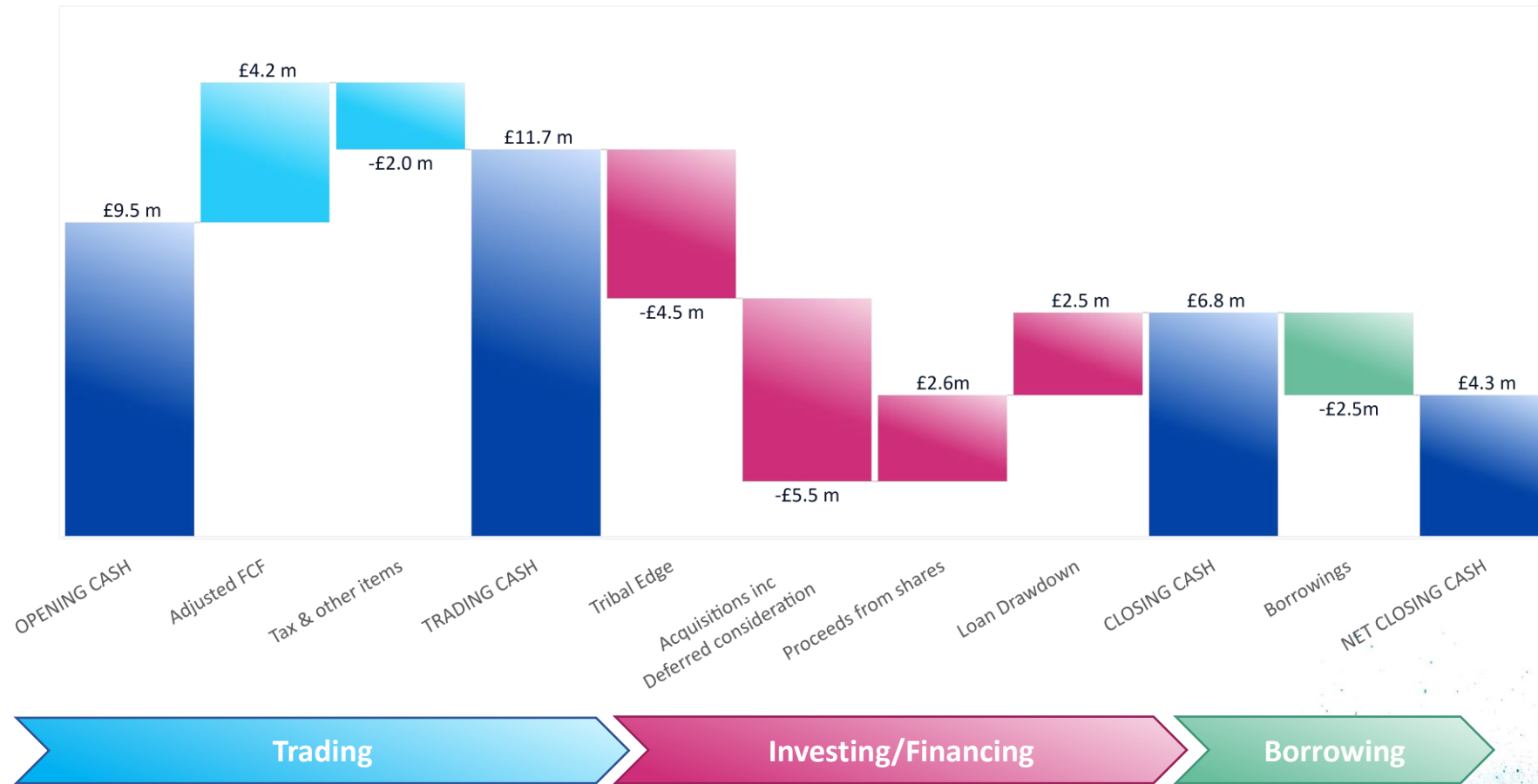
Cash conversion

66%
(2020: 68%)

Adjusted Free Cash Flow

£4.2m
(2020: £4.3m)

Loan will be fully repaid in August 2021

£4.2 m

£9.5 m

-£2.0 m

£11.7 m

-£4.5 m

-£5.5 m

£2.6m

£2.5 m

£6.8 m

-£2.5m

£4.3 m

OPENING CASH

Adjusted FCF

Tax & other items

TRADING CASH

Tribal Edge

Acquisitions inc
Deferred consideration

Proceeds from shares

Loan Drawdown

CLOSING CASH

Borrowings

NET CLOSING CASH

Trading

Investing/Financing

Borrowing

Product Development
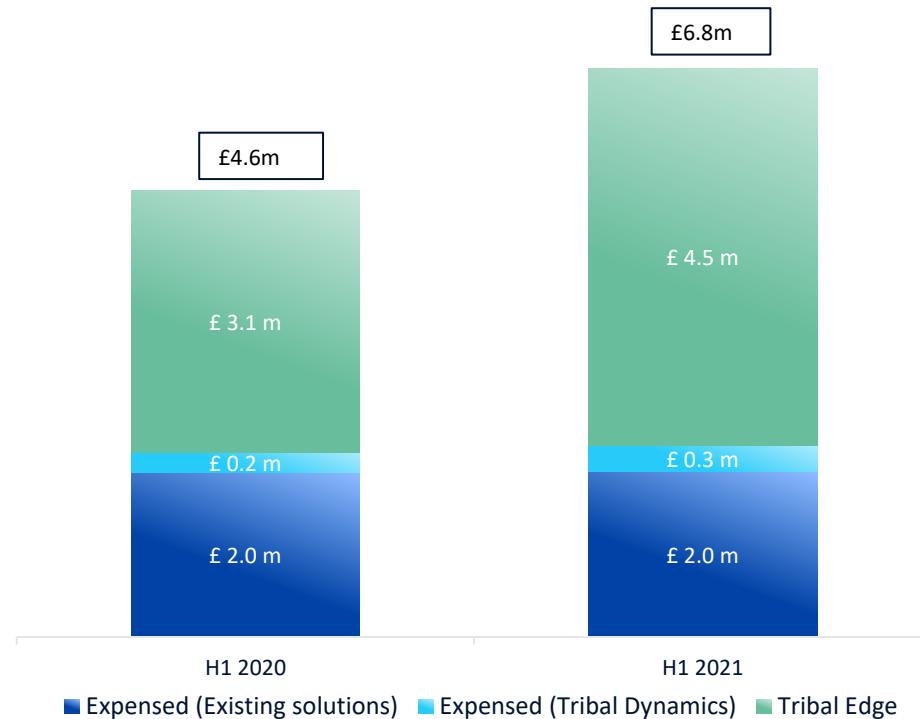
Excludes depreciation and amortisation

Tribal Edge investment
- Submissions fully released
- Admissions v1 released, further developments during next year
- Investment increase to £10m in 2021 & continue at similar levels to 2024

Tribal Edge sales
- ARR increased £1.4m in H1 20 to £3.5m
    - Submissions sold to 8 additional customers
    - Engage sold to 4 additional customers
    - Admissions sold to 2 additional customers (1 non-SITS)

Existing solutions
- Continue to support existing solutions efficiently until new Edge modules are adopted

Summary

Mark Pickett, CEO

Summary and H2 Outlook

Growing ARR

- Strong sales performance resulting in increased ARR of 5% since Dec 2020, to £49.6m at period end and £50.6m subsequently

Expanding Market Opportunity

- New products provide upsell and geographic expansion opportunity
- Growing pressure on universities to provide a personalised student experience

Growing Customer Endorsement

- Growing number of reference cases across the product offering
- Strong pipeline of opportunities across both existing and new customers

Strong Financial Platform

- Strong cashflows with continued investment in future growth

Increasing confidence

- Positive start to trading in FY21
- Board is increasingly confident in a successful outcome to the year, slightly ahead of expectations

Q&A

TRIBAL

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Appendix

Tribal Leadership Team

Richard Last
Chair

Mark Pickett
Chief Executive Officer
(CEO)

Mark Wilson
Chief Operating Officer
(COO)

Mike Cope
Chief Technology Officer
(CTO)

Chloe Payne
HR Director

Roger McDowell,
Senior Independent
Director

Nigel Halkes,
Non-Executive Director

Diane McIntyre
Chief Financial Officer
(CFO)

Mike Beech
Marketing Director

Peter Croft
Managing Director,
APAC

Janet Tomlinson
Managing Director,
Education Services

Tribal Board

Tribal Executive Team

Tribal 2025:
Five-year Objectives

1. Increase ARR

Double the Annual Recurring Revenue (being 15% CAGR)

- ARR at end 2020: £47.5m
- Includes bolt-on acquisitions
- Ramps up over 5 years

2. Improve EBITDA

EBITDA margin at low-30s%

- EBITDA at end 2020: 20%
- Multi-tenanted, SaaS solution
- Edge fully rolled out will drive margins in mid-30s

3. Complete Tribal Edge

Deliver all major modules of Tribal Edge

- Broadly complete ecosystem, incl bolt-on acquisitions
- Conclude accelerated Product Development spend

4. Grow globally

Double # of Higher Education markets

- 10% of revenue from new addressable global markets
- Markets (2020): UK, Aus, NZ, Canada, Malaysia, Singapore

5. Build customer position

Double # of Higher Education customers & share-of-wallet

- All customers on Tribal:Cloud and/or adopting Tribal Edge
- Increase share-of-wallet: Double Rev / Customer

What is driving our business now

> " Our new VC is like a CEO…focus on operational excellence…holding us to commercial standards. We have planned significant growth and it is strategically important to be seen as a progressive player, a pack leader. Our current system is inefficient and takes all our time to manage. We need to do things differently, to manage increased student expectations.   We need someone else to manage our current systems so we can focus on digital innovation to improve user experience. "

CIO, Russell Group customer, 2021

University challenge	University solution	Tribal opportunity
Legacy internal SMS unfit-for-purpose	Public tender for cloud-based commercial SMS	Sell existing products delivered from Public Cloud
Legacy complexity / lack of agility / security concerns	Leverage Public Cloud and managed services	Tribal:Cloud: providing SIS-as-a-Service through the public cloud
Improve Student Experience Improve internal efficiency	Digital transformation to deliver a compelling student experience	Tribal Edge: cloud-native solutions adding value across a wider solution set

Tribal SaaS solutions

- Removes the complexity of existing, non-standard SIS
- Simpler, standardised solution for institutions provides greater efficiency at lower risk and lower cost of ownership (opex)
- Tribal increases share-of-wallet through managing systems as-a-Service

Geographic growth potential

(Higher Education student numbers)

North America

USA – 19.8m

Canada – 2.2m

Europe

EU-27 – 17.5m

SE Asia

Rest of SE Asia
7.4m

Philippines
3.6m

Malaysia
0.86m

Singapore

Current

UK
2.4m

Aus
1.5m

NZ
0.4m

Tribal Share (Students)	50%	23%	36%
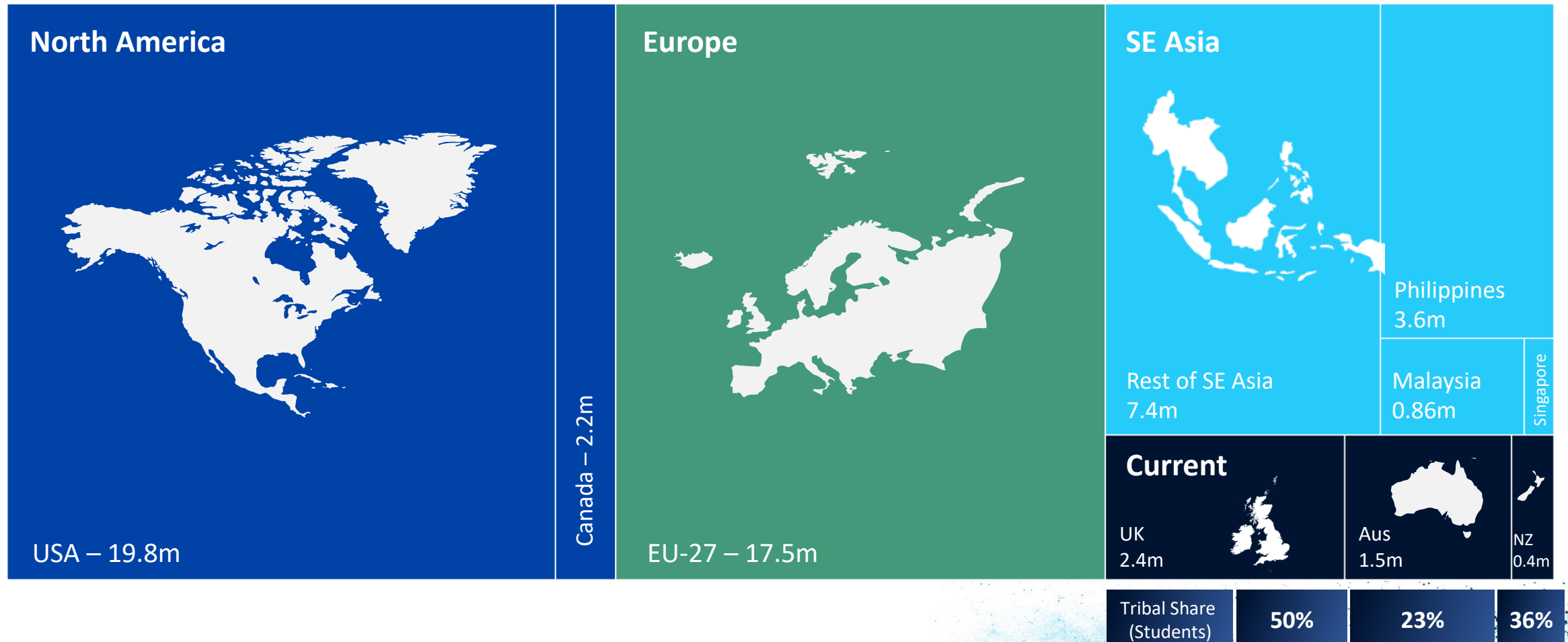
Transition to Edge for existing customers (Indicative)

SITS	Tribal Cloud	Tribal Edge
ARR = £200k Gross Margin ~ 70%	ARR = £500k Gross Margin ~ 52%	ARR = £500k Gross Margin ~ 70%

SITS
- £1m — Licence
- £200k — S&M @70% margin
- Infrastructure

Tribal Cloud
- £200k — S&M @70% margin
- £300k — Cloud @40% margin

Tribal Edge
- £500k — Simple SaaS fee @70% margin

	SITS	Tribal Cloud	Tribal Edge
Simpler product structure	Numerous highly customised software products	As left	3 simple 'best of breed' options for each module
Efficient software releases	Three versions at any one time (annual releases) updated by customer	As left, but Tribal manages the update	One live system (monthly releases)
Cost efficient, shared, scalable architecture	On-premise infrastructure	Single tenanted: • Multiple servers and infrastructure • Multiple software instances	Multi tenanted: • Shared datacentre space and infrastructure, • (with isolation protocols) • Single Software instance • More cost-efficient data storage

➡ **Leads to lower support and maintenance costs, faster more focused development, using one platform and one team**

Financial Definitions

Term	Definition
Constant Currency	2020 H1 results restated to "constant currency" using 2021 rates to exclude foreign currency impact.
Adjusted EBITDA	Operating profit of continuing operations which excludes "Other Items" charges (refer to note 5 in the Half Year Report) and before Interest, Tax, Depreciation and Amortisation.
Adjusted Free Cash Flow	Net cash from operating activities before tax less non-development capital expenditure
Annual Recurring Revenue (ARR)	ARR at period end includes Support & Maintenance fees, Cloud Services and Subscription Licences and is assessed as contracted ARR at 30 June 2021 and 31 December 2020, some of which is yet to be delivered.
Committed Income (Backlog)	Total value of orders which have been signed on or before, but not delivered by 30 June 2021. Representing the best estimate of business expected to be delivered and recognised in future periods and includes 2 years of Support & Maintenance revenue.
Cash Conversion	Cash from operating activities before tax, over adjusted operating profit less any significant one off items.